

2006

## Montana Individual Income Tax Return (Short Form)

Form 2M

Calendar year income tax return for a Montana resident filing as single, jointly, or head of household.

Montana

Amended Return <input type="checkbox"/>	Your first name and initial	Last name	Deceased <input type="checkbox"/>	Your social security number
Check the box above if this is an amended return.	Spouse's first name and initial	Last name	Deceased <input type="checkbox"/>	Spouse's social security number
	Home address (number and street)		City	State Zip+4
Filing Status (check only one box)    1 <input type="checkbox"/> Single    2 <input type="checkbox"/> Married filing jointly    3 <input type="checkbox"/> Head of Household				
4 <input checked="" type="checkbox"/> Resident full year (To be used only by full year Montana residents. Nonresidents and Part-Year residents are required to use Form 2).				

## Exemptions

5a	<input checked="" type="checkbox"/> Yourself.....	65 or older.....	Blind.....	Enter number checked	5a	
5b	<input type="checkbox"/> Spouse.....	65 or older.....	Blind.....	Enter number checked	5b	
5c	Dependent's first name	Last name	SSN	Relationship	Disabled	
5d	If additional dependents, see instructions. Add lines 5a thru 5c and enter total exemptions here.....					5d

Enter amounts corresponding to your federal return.

Round to nearest dollar. If no entry, leave blank.

Federal Adjusted Gross Income	6	Wages, salaries, tips, etc. Attach federal Form(s) W-2.....		6	
	7a	Taxable interest. Attach federal Schedule B or 1 if required.....		7a	
	b	Tax-exempt interest. Do not include on line 7a.....	7b		
	8a	Ordinary dividends. Attach federal Schedule B or 1 if required.....		8a	
	b	Qualified dividends.....	8b		
	9	Capital gain or (loss). Attach federal Schedule D if required.....		9	
	10a	IRA distributions.....	10a	Taxable amount.....	10b
	11a	Pensions and annuities.....	11a	Taxable amount.....	11b
	12	Unemployment compensation.....			12
	13a	Social security benefits.....	13a	Taxable amount.....	13b
	14	Add and enter amounts in the far right columns lines 6 thru 13b. <b>This is your total income</b> .....		14	
Federal Adjusted Gross Income	15	Penalty on early withdrawal of savings.....		15	
	16	IRA deduction.....		16	
	17	Student loan interest deduction.....		17	
	18	Jury duty pay you gave your employer.....		18	
	19	Add lines 15 through 18 and enter the result here. <b>This is your total adjustments to income</b> .....		19	
	20	Subtract line 19 from line 14 and enter the result here. <b>This is your federal adjusted gross income</b> .....		20	
	Montana Adjusted Gross Income	21	Interest and municipal fund dividends state, county, or municipal bonds from other states.....		21
		22	Taxable federal refund.....		22
		23	Addition to federal taxable social security/railroad retirement.....		23
		24	Medical care savings account nonqualified withdrawal.....		24
25		Add lines 21 through 24 and enter the result here. <b>This is your Montana additions to federal adjusted gross income</b> .....		25	
26		Exempt interest and dividends from federal bonds, notes, and obligations.....		26	
27		Exempt unemployment compensation.....		27	
28		Partial pension and annuity income exemption.....		28	
29		Partial interest exemption for taxpayers 65 and older.....		29	
30		Exemption for certain taxed tips and gratuities.....		30	
31	Exempt medical care savings account deposits and earnings.....		31		
32	Subtraction for federal taxable social security/Tier I Railroad Retirement.....		32		
33	Subtraction for federal taxable Tier II Railroad Retirement.....		33		
34	Add lines 26 through 33 and enter the result here. <b>This is your Montana subtractions from federal adjusted gross income</b> .....		34		
35	Add lines 20 and 25, then subtract line 34. <b>This is your Montana adjusted gross income</b> .....		35		

<b>Taxable Income</b>	36 Montana adjusted gross income from line 35.....		36		
	<b>Deductions</b>				
	37 (A) Standard Deduction: (A) <input type="checkbox"/> _____		37		
	(B) Itemized Deductions (from Form 2M, Schedule I, line 30): (B) <input type="checkbox"/> _____				
38 Subtract line 37 from line 36 and enter amount here.....		38			
<b>Exemptions</b> (all individuals are entitled to at least one exemption)					
39 Multiply \$1,980 by the number of exemptions on line 5d and enter result here.....		39			
40 Subtract line 39 from line 38 and enter the result here. If zero or less, enter zero. <b>This is your taxable income.</b> .....		40			
<b>Tax</b>	41 Tax from the tax table below. If line 40 is zero, enter zero.....		41		
	42 1% capital gains tax credit.....		42		
	43 Subtract line 42 from 41 and enter the result here. If zero or less, enter zero. <b>This is your resident tax after capital gains tax credit.</b> .....		43		
<b>Credits</b>	44 Nonrefundable single-year credits from Form 2M, Schedule II, line 5.....		44		
	45 Nonrefundable carryover credit from Form 2M, Schedule II line 6.....		45		
	46 Add lines 44 and 45 and enter the result here. <b>This is your total nonrefundable credits.</b> .....		46		
	47 Subtract line 46 from line 43 and enter the result here. If zero or less, enter zero. <b>This is your total tax after nonrefundable credits.</b> .....		47		
<b>Payments and Offsets</b>	48 Montana income tax withheld. Attach federal Form(s) W-2 and 1099.....		48		
	49 2006 estimated tax payments and amounts applied from your 2005 return.....		49		
	50 2006 extension payment from Form EXT-06.....		50		
	51 Elderly Homeowner/Renter Credit from Form 2M, Schedule II, line 7.....		51		
	52 Add lines 48 through 51 and enter the result here. <b>This is your total payments/offsets.</b> .....		52		
<b>Penalty, Interest, Contributions</b>	53 Interest on underpayment of estimated taxes. (See instructions on page ??).....		53		
	54 Late file, late pay penalties and interest. (See instructions on page ??).....		54		
	55 Medical Care Savings Account 10% penalty.....		55		
	56 Enter in boxes 56a through 56d your Voluntary Check-off Contributions				
	Nongame wildlife program 56a)	Child abuse prevention 56b)	Agriculture in schools 56c)	End-stage renal disease 56d)	Sum of 56a through 56d..... 56
	57 Add lines 47, 53, 54, 55 and 56 and enter the result here. <b>This is the sum of your total tax, penalties, interest and contributions.</b> .....		57		
	58 If line 57 is more than line 52, enter the difference here. <b>This is the amount you owe.</b> Make check payable to MONTANA DEPARTMENT OF REVENUE or visit our website at <a href="http://www.mt.gov/revenue">www.mt.gov/revenue</a> to pay by credit card or E-check.....		58		
59 If line 57 is less than line 52, enter the difference here.....		59			
60 Enter the amount of line 59 you want applied to your 2007 estimated taxes.....		60			
<b>Amount You Owe or Your Refund</b>	61 Subtract lines 60 from line 59 and enter the result here. <b>This is your refund.</b> .....		61		
	If you wish to use direct deposit enter your RTN# and ACCT # below. See instructions. <input type="checkbox"/> checking <input type="checkbox"/> savings				
RTN# _____		ACCT# _____			
If applicable, check appropriate box.		Name, address and telephone number of paid preparer.			
Annualized estimated payments <input type="checkbox"/>		Extension – Check this box and attach a copy of your federal Form 4868 to receive your Montana extension.			
Do not mail 2007 forms and instructions <input type="checkbox"/>					
SSN, FEIN or PTIN: _____					
May the DOR discuss this return with your tax preparer? Yes <input type="checkbox"/> No <input type="checkbox"/> Questions? Call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired.					
<b>X</b>		<b>X</b>			
Your signature is required _____		Date _____			
Daytime telephone number _____		Spouse's signature _____			
Date _____		Date _____			
I declare under penalty of false swearing that the information in this return and attachments is true, correct and complete.					

If Taxable Income is Over	But not Over	Multiply by	and Subtract = tax	If Taxable Income is Over	But not Over	Multiply by	and Subtract = tax
\$ 0	\$ 2,400	1%	\$ 0	\$ 8,800	\$ 11,300	5%	\$ 220
\$ 2,400	\$ 4,300	2%	\$ 24	\$ 11,300	\$ 14,500	6%	\$ 333
\$ 4,300	\$ 6,500	3%	\$ 67	\$ 14,500		6.9%	\$ 464
\$ 6,500	\$ 8,800	4%	\$ 132				

**Schedule I: Montana Itemized Deductions**

Enter on the corresponding line your itemized deductions.

File Schedule I with your Montana Form 2M.

Medical and Dental Expenses	1	Medical and dental expenses.....		1
	2	Enter amount from Form 2M, line 35.....		2
	3	Multiply line 2 by .075 (7.5%).....		3
	4	Subtract line 3 from line 1 and enter result here but not less than zero, <b>This is your deductible medical and dental expense subject to 7.5% of Montana AGI</b> .....		4
	5	Medical insurance premiums not deducted elsewhere on your return.....		5
	6	Long term care insurance premiums not deducted elsewhere on your return.....		6
Taxes You Paid	Complete lines 7a through 7d reporting your total federal income tax payments made in 2006 before completing line 7e..			
	7a	Federal income tax withheld in 2006.....		7a
	7b	Federal estimated tax payments paid in 2006.....		7b
	7c	2005 federal income taxes paid in 2006.....		7c
	7d	Other back year federal income taxes paid in 2006.....		7d
	7e	Add lines 7a through 7d and enter result here, but not more than \$5,000 if you are filing single, or head of household, or \$10,000 if filing a joint return with your spouse. <b>This is your federal income tax deduction</b> .....		7e
	8	Real estate taxes paid in 2006.....		8
	9	Personal property taxes paid in 2006.....		9
	10	Other deductible taxes. List type and amount:		10
	Interest You Paid	11	Home mortgage interest and points reported to you on federal Form 1098.....	
12		Home mortgage interest not reported to you on federal Form 1098. If paid to the person from whom you bought the house, provide name, SSN, and address.		12
13		Points not reported to you on federal Form 1098.....		13
14		Investment interest. Attach federal Form 4952.....		14
Gifts	15	Contributions made by cash or check during 2006.....		15
	16	Contributions made other than by cash or check.....		16
	17	Contribution carryover from the prior year.....		17
	18	Child and dependent care expenses. Attach Montana Form 2441M.....		18
	19	Casualty and theft loss(es). Attach federal Form 4684.....		19
	Job Expenses and Certain Miscellaneous Deductions	20	Unreimbursed employee business expenses. Attach federal Form 2106 or 2106EZ.....	20
21		Other expenses. List type and amount:	21	
22		Add lines 20 and 21 and enter the result here.....	22	
23		Enter the amount on Form 2M, line 35 here.....	23	
24		Multiply line 23 by .02 (2%) and enter the result here.....	24	
25		Subtract line 24 from line 22 and enter the result here, but not less than zero.....	25	
26		Political contributions (limited to \$100 per taxpayer).....	26	
27		Other miscellaneous deductions not subject to 2% of Montana AGI. List type and amount:	27	
Total Itemized Deductions	28	Add lines 4 through 6; 7e through 19; and 25 through 27 and enter the result here..... If the amount on Form 2M, line 36 is more than \$150,000 your deductions may be limited. Complete the itemized deduction Worksheet VI, found on page ?? of the Form 2M instruction booklet and then continue to line 29; otherwise, go to line 30 below.		28
	29	Enter the amount from the itemized deduction Worksheet VI, line 9. <b>This is the amount of your non-allowed itemized deductions</b> ..... Subtract line 29 from line 28 and enter the result here and on Form 2M, line 36.		29
	30	<b>These are your allowable itemized deductions</b> .....		30

**Schedule II: Montana Tax Credits**

**Enter on the corresponding line your Montana tax credits.  
File Schedule II with your Montana Form 2M.**

<b>Nonrefundable Single-year Credits</b>	Nonrefundable credits that are single-year credits and <b>HAVE NO</b> carryover provision.		
	1 College contribution credit. Attach Form CC.....		1
	2 Energy conservation installation credit. Attach Form ENRG-C.....		2
	3 Elderly care credit. Attach Form ECC.....		3
	4 Developmental disability account contribution credit.....		4
	5 Add lines 1 through 4 and enter the result here and on Form 2M, line 44. <b>These are your total nonrefundable single-year credits</b> .....		5
<b>Nonrefundable Carryover Credits</b>	Nonrefundable credits that <b>HAVE</b> a carryover provision that allows you to carry forward the unused portion of your credit to future tax years.		
	6 Alternative energy systems credit. Attach Form ENRG-B. Attach Form ENRG-B and enter the amount on Form 2M, line 45. <b>This is your total nonrefundable carryover credit</b> .....		6
<b>Refundable Credit</b>	Refundable credit that is applied against your income tax liability with any remaining balance refunded to you.		
	7 Elderly homeowner/renter credit. Attach Form 2EC and enter the amount on Form 2M, line 51 <b>This is your elderly homeowner/renter credit</b> .....		7

We have listed 6 credits that can be used when filing Montana Form 2M however the Montana legislature has authorized 27 different income tax credits. See Montana Form 2, Schedule V for a list and description of these 27 tax credits that are available. If you are eligible for any of the other credits not listed above, you will have to file Montana Form 2 instead of Form 2M.

**Montana Tax Credits**

There are three categories of credits available to you on your Montana individual income tax return. With the exception of the capital gains tax credit, which is required to be applied before any other credit, (refer to the instructions for Form 2M, line 42) you are not required to apply any of these 6 tax credits against your income tax liability in any particular order.

- **Nonrefundable single-year credits.** Your nonrefundable single-year credits can only

be used to offset your 2006 resident tax after capital gains credit and cannot reduce your tax liability below zero. The unused portion of your nonrefundable single-year credits that exceeded your 2006 income tax liability are lost and are unable to be used in future years.

- **Nonrefundable carryover credit.** Your nonrefundable carryover credit can be used to offset your 2006 resident tax after capital gains credit and cannot reduce your tax liability below zero. Your excess nonrefundable credit that is not applied against your 2006 income tax liability can be carried over and used to offset future year tax liabilities.
- **Refundable credits.** Your refundable elderly homeowner/renter credit is applied against your income tax liability with any unused credit refunded to you.